

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF SEPTEMBER 19, 2007**

REGULAR MEETING

8:30 A.M.

SEPTEMBER 19, 2007

PRESENT:

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| COMMISSIONERS: | Paul Biane Bob Colven, Chairman Dennis Hansberger, Vice Chairman Larry McCallon | Brad Mitzelfelt, Alternate Richard P. Pearson A.R. "Tony" Sedano, Alternate Diane Williams, Alternate |
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STAFF:

Kathleen Rollings-McDonald, Executive Officer
Clark H. Alsop, Legal Counsel
Samuel Martinez, LAFCO Analyst
Michael Tuerpe, LAFCO Analyst
Anna Raef, Clerk to the Commission

ABSENT:

COMMISSIONERS: **Kimberly Cox**
Mark Nuaimi
James V. Curatalo, Alternate

REGULAR SESSION – CALL TO ORDER – 8:45 A.M.

Chairman Colven calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

Chairman Colven requests those present who are involved with any of the changes of organization to be considered today by the Commission and have made a contribution of more than \$250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved. There are none.

APPROVAL OF MINUTES FOR REGULAR MEETING OF AUGUST 15, 2007

Chairman Colven calls for any corrections, additions, or deletions to the minutes. Commissioner McCallon moves approval of the minutes as presented, seconded by Commissioner Williams. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Colven, McCallon, Pearson, Williams. Noes: None. Abstain: None. Absent: Biane, Cox, Hansberger, Nuaimi (Commissioner Williams voting in his stead).

CONSENT ITEMS:

LAFCO considers the item listed under its consent calendar. The consent calendar consists of:

- ITEM 2. Approval of Executive Officer's Expense Report
- ITEM 3. Ratify Payments as Reconciled for Months of July and August 2007 and Note Cash Receipts
- ITEM 4. Authorize Circulation of a Request for Proposal for Preparation of an

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Environmental Impact Report for LAFCO 3076 -- Consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District

- ITEM 5. Consideration of: (1) Review of Negative Declaration Prepared by City of Hesperia for Tentative Tract 17117 to Create 42 Single-Family Lots on 12.5 Acres, as CEQA Responsible Agency for LAFCO SC#319; and (2) LAFCO SC #319 – Hesperia Water District Agreement for Annexation and Provision of Utility Service No. EOS-2007-04 for Water and Sewer Service (Cambridge Homes)
- ITEM 6. Consideration of: (1) Review of Mitigated Negative Declaration Prepared by Hesperia Unified School District for High School No. 3 (State Clearinghouse No. 2005091026), as CEQA Responsible Agency for LAFCO SC#320; and (2) LAFCO SC#320 – Hesperia Water District Agreement for Annexation and Provision of Utility Service No. EOS-2007-05 for Sewer Service (Hesperia Unified School District – High School #3)
- ITEM 7. Consideration of Employment Contract with Deborah Chamberlin

A Travel Claim and Visa Justification for the Executive Officer's expense report, as well as staff reports outlining the staff recommendations for the reconciled payments, and each of the other consent items, have been prepared and a copy of each is on file in the LAFCO office and is made a part of the record by reference herein. Notice of these consent items has been advertised as required by law through publication in The Sun, a newspaper of general circulation.

A Notice of Hearing on SC#319 and SC#320 was also advertised in the Daily Press, a newspaper of general circulation in the area. Individual mailed notice was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice within and surrounding the SC#319 and SC#320 service contracts area pursuant to State law and Commission policy.

Executive Officer Kathleen Rollings-McDonald presents an amendment to Item 7, Consideration of Employment Contract with Deborah Chamberlin, and asks that, as a part of the approval of staff recommendations for the consent calendar, staff be directed to sign the amended contract.

Commissioner Pearson moves approval of the staff recommendations for the consent calendar items, seconded by Commissioner McCallon. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Colven, McCallon, Pearson, Williams. Noes: None. Abstain: None. Absent: Biane, Cox, Hansberger, Nuaimi (Commissioner Williams voting in his stead).

CONTINUED ITEMS:

LAFCO conducts a public hearing continued from August 15, 2007, to consider a reorganization to include formation of Phelan Piñon Hills Community Services District (CSD), Detachment from County Service Area 56 and Dissolution of County Service Area 9, County Service Area 56 and Improvement Zone F-1 and County Service Area 70 Improvement Zones L and P-4. Notice of the original hearing on August 15, 2007, was advertised as required by law through publication in The Sun, a newspaper of general circulation in the area. Individual notice of this hearing was provided to affected and interested agencies, County departments and those individuals and agencies requesting mailed notice.

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Executive Officer Kathleen Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and is made part of the record by its reference herein. Ms. McDonald states the final two elements of the proposal are presented today. With reference to the question of the California Infrastructure and Economic Development (I Bank) loan assumption, attached to the staff report is a copy of the letter for conditional approval of assumption of the loan by the CSD following its formation. Ms. McDonald continues, she met with the bank's representatives on August 29 and answered their questions; supplemental information needed from the accounting consultant is required prior to October 17. Ms. McDonald states, following the August hearing, there was concern regarding LAFCO staff's condition on the distribution of property tax revenues to support the Wrightwood Park functions. Page 4 of the staff report includes a modified discussion on how to accomplish that goal in the simplest manner possible. Ms. McDonald explains, rather than shifting property tax from Piñon Hills to Wrightwood, this process for the allocation and transfer of funds to Improvement Zone F-1 and reallocation of fire monies will accomplish the same goal in a simpler method for implementation by County and LAFCO staff. She explained that proposed revised Conditions 12 and 13 would transfer the same amount of money to take care of the Wrightwood community with a different methodology from what was proposed at the August hearing.

Ms. McDonald states that the recommendation is that the Commission takes the following actions for final approval of LAFCO 3070:

1. Modify the conditions of approval that were presented previously;
2. Adopt LAFCO Resolution 2969 reflecting the Commission's determinations, terms and conditions for approval of the proposal;
3. Following completion of the mandatory reconsideration period of 30 days, directs the Executive Officer to forward the request to the County Board of Supervisors to place the item on the February 5, 2008 ballot.

Chairman Colven asks if there are questions from Commission members. There are none.

Chairman Colven opens the public hearing.

Charlie Johnson discloses that he has contributed over \$250 to Supervisor Mitzelfelt's campaign, but that contribution is unrelated to this item. Mr. Johnson states it has been 13 years since the beginning of this process and states this is a good day for the community. Mr. Johnson further states Ms. McDonald's efforts with I Bank have been instrumental in making this happen. He recognizes the support of Supervisor Mitzelfelt and his Chief of Staff, Paula Nowicki, whose efforts helped bring about a quick resolution of the issues, as well as Special Districts staff, which has also been very good in working with the committee and providing data. Mr. Johnson thanks the Commission.

It is noted Commissioner Biane arrives at 8:55 a.m.

Commissioner Pearson moves approval of staff recommendation, seconded by Commissioner Williams. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Biane, Colven, McCallon, Pearson, Williams. Noes: None. Absent: Cox, Hansberger, Nuaimi (Commissioner Williams voting in his stead).

DISCUSSION ITEMS:

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Ms. McDonald states the process relating to the fire reorganization began over 20 years ago, and today is the review of a process which began two years ago. Ms. McDonald explains the proposal is divided into three actions.

**CONSIDERATION OF NOTICE OF INTENT TO ADOPT NEGATIVE DECLARATION FOR
LAFCO 3000, 3000A AND 3001.**

LAFCO conducts a public hearing to consider the environmental review for LAFCO 3000, 3000A and 3001. Notice of this hearing was advertised as required by law through publication of a one-eighth page legal ad in The Sun, Desert Dispatch, Inland Valley Daily Bulletin, Hi-Desert Star, Big Bear Life & Grizzly, Fontana Herald News, Crestline Courier, Mountain News, Parker Pioneer, Needles Desert Star, and Alpenhorn News, newspapers of general circulation in the area. Individual mailed notice was provided to affected and interested agencies, County departments, and those individuals and agencies requesting mailed notice pursuant to State law and Commission policy.

Sam Martinez, LAFCO Analyst, presents the staff report, a complete copy of which is on file in the LAFCO office and is made part of the record by its reference herein.

Mr. Martinez explains the environmental proposal is for all three proposals, LAFCO 3000 (County Fire Reorganization), 3000A (City of Fontana's Alternative Proposal), and 3001 (Sphere of Influence Review and Expansion). Mr. Martinez states that prior to making a decision on any of these items, the Commission is required to review and approve the environmental assessment for all three items. Mr. Martinez continues that the initial study and proposed negative declaration were prepared by Tom Dodson & Associates for all three proposals; that the document was circulated to interested and affected agencies and individuals, including County libraries countywide, for public review and comment on July 31, 2007; that it was also posted on the Commission's website on the same date; and that the notice of availability was advertised in a number of newspapers throughout the County. At the close of the public review period, he says LAFCO received three comments, which were evaluated by the Commission's environmental consultant and that a response to comments was prepared to address the letters. As of today, he reports that no other comments have been received regarding the initial study and proposed negative declaration and that the original initial study will be utilized to describe the environmental impacts anticipated by all three proposals.

Mr. Martinez says Tom Dodson, the Commission's environmental consultant, will present his report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Mr. Dodson states a significant amount of information was gathered to determine if the budgetary ability to maintain service would exist for all areas of the county, and he says that based upon this information it appears there is a match between current levels of service and future levels of service. Mr. Dodson explains the most complex issue today is a decision that focuses on a commitment from the Board of Supervisors to maintain adequate funding from the General Fund, or, in the alternative, to establish a formal mechanism to require that. Mr. Dodson's says his evaluation concludes that either of those approaches is suitable as a basis for ensuring the continuation of the level of service into the future.

(It is noted, Commissioner Mitzelfelt arrives at 9:02 a.m.)

Chairman Colven asks if there are questions of Mr. Dodson from Commission members. There are none.

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Mr. Martinez concludes that the response to comments and the initial study constitute the final negative declaration which indicates the approval of LAFCO 3000, 3001 and 3000A will not have a significant environmental effect. He says staff recommends the Commission take the following actions as CEQA lead agency for LAFCO 3000, 3001 and 3000A: Certify that the Commission has reviewed and considered the environmental assessment and negative declaration prepared by the Commission's environmental consultant; it has reviewed and considered and responded to any comments received about the negative declaration prepared for this project; it finds and determines that the Commission does not intend to adopt alternatives or mitigation measures for this project; it finds and determines that there are no biological resources that will be impacted through approval of these projects; and, it directs the Clerk to file a Notice of Determination together with a signed no effect form within five days.

Chairman Colven asks if there are questions of Mr. Martinez from Commission members. There are none.

Chairman Colven calls for questions from the public on Item 9(a). There are none.

Commissioner Pearson moves approval of staff recommendation, seconded by Commissioner Williams. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Biane, Colven, McCallon, Mitzelfelt, Pearson, Williams. Noes: None. Absent: Cox, Hansberger (Commissioner Mitzelfelt voting in his stead), Nuaimi (Commissioner Williams voting in his stead).

CONSIDERATION OF MUNICIPAL SERVICE REVIEW FOR COUNTY-GOVERNED FIRE AGENCIES AND LAFCO 3001 – SPHERE OF INFLUENCE EXPANSION FOR THE YUCCA VALLEY FIRE PROTECTION DISTRICT AND REDUCTION OF THE SPHERES OF INFLUENCE FOR THE CENTRAL VALLEY FIRE PROTECTION DISTRICT, LAKE ARROWHEAD FIRE PROTECTION DISTRICT, FOREST FALLS FIRE PROTECTION DISTRICT AND COUNTY SERVICE AREA 38.

LAFCO conducts a public hearing for consideration of Municipal Service Review for County-governed fire agencies and LAFCO 3001 – sphere of influence expansion for the Yucca Valley Fire Protection District and reduction of the spheres of influence for the Central Valley Fire Protection District, Lake Arrowhead Fire Protection District, Forest Falls Fire Protection District and County Service Area 38.

Notice of this hearing was advertised as required by law through publication in The Sun, Desert Dispatch, Inland Valley Daily Bulletin, Hi-Desert Star, Big Bear Life & Grizzly, Fontana Herald News, Crestline Courier, Mountain News, Parker Pioneer, Needles Desert Star, and Alpenhorn News, newspapers of general circulation in the area. Individual mailed notice was provided to affected and interested agencies, County departments, and those individuals and agencies requesting mailed notice pursuant to State law and Commission policy.

Executive Officer Kathleen Rollings-McDonald states LAFCO 3001 is the sphere of influence proposal to address the County Fire reorganization. Ms. McDonald presents a map which shows the expanse of this proposal, which includes 18,353 square miles and is larger than the states of New Jersey, Connecticut and Rhode Island combined. Ms. McDonald reviews the maps showing the current area and the area for expansion of the Yucca Valley Fire Protection District. She reports the Central Valley Fire Protection District in the City of Fontana territory is of concern. She says LAFCO staff received this proposal and the companion fire reorganization in August 2005 and it was circulated for review and comment. Ms. McDonald states the most important comment related to the consent of the cities to be overlain by the Yucca Valley Fire

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Protection District, including the Cities of Grand Terrace and Fontana, noting that the Town of Yucca Valley was unaffected, as the Yucca Valley Fire Protection District was being unaltered in its existing territory. She says the City of Fontana responded by indicating it did not agree with the overlay and governance by the Board of Supervisors for this Fire Protection District. Ms. McDonald summarizes that through negotiations it was agreed that the County Fire reorganization would move forward with the City of Fontana and its sphere of influence territory to be removed, but says that in doing that it was necessary that LAFCO 3001 be modified to remove the Central Valley portion for the City of Fontana. She continues, the sphere of influence discussion also includes the reduction of County Service Area 38's sphere of influence, which is currently countywide, the Lake Arrowhead Fire Protection District and the Forest Falls Fire Protection District, and states, in each case, a zero sphere of influence designation has been proposed, indicating that future action should be taken to place them under the responsibility of the County Fire Reorganization. Ms. McDonald states LAFCO has evaluated the modified sphere of influence against the municipal service factors that are required under Government Code Section 56430, and that the County provided an exceptional discussion of the issues, some of which have been expanded; the first of those being the issue of infrastructure needs and deficiencies. Ms. McDonald explains the County Fire proposal identifies the issue that there is a deficiency in the response available for fire protection within the bulk of the sphere of influence expansion area; that position is taken based upon standards provided by the American Heart Association and industry standards for the National Fire Protection Association for response times. Ms. McDonald continues, inadequate funding, inaccessibility, prevalence of private roads and the distance between fire facilities to respond have been identified as difficulties, and when the Commission assigned the sphere of influence in 1973 for County Service Area 38, it carried with it an obligation to prepare a master plan; however, there is no existing current master plan as identified by the County, but that position is changing through the adoption of the County General Plan in March 2007. Ms. McDonald states the staff report includes excerpts from those documents and the County Development Code, which indicate the requirement for the development of a fire master plan, and, through the land use process, the funding of fire protection commensurate with service levels anticipated for development. Ms. McDonald states staff's concerns have been taken into account in the County General Plan update, and the County is moving forward to address those issues in a comprehensive manner. She explains, the sphere of influence expansion will assist in that endeavor where it will place the responsibility for planning throughout the entire unincorporated area not served by an independent fire provider within a fire jurisdiction.

Ms. McDonald states financing constraints and opportunities were discussed at length in the County's report, and one issue that was of concern to LAFCO staff was the lack of a funding mechanism for capital facilities. Ms. McDonald continues, the County has been very aggressive and successful in looking at large-scale development for the provision of adequate funding and the development of facilities for fire purposes, however, the predominance of development in the County overall is at a much lower level than a 30-lot-or-under type development. Ms. McDonald notes that there is no commensurate requirement for payment of capital facility fees or development impact fee, and in August the County developed and instructed its staff to release a request for proposals to look at the potential for a funding mechanism for facilities countywide. Ms. McDonald states LAFCO staff believes the sphere of influence assignment and the ultimate approval of the County reorganization will assist in that because the definition of the County Fire District will allow for the tailoring of fees and facility requirements and deployment goals based upon the regional concept.

Ms. McDonald states government structure options were discussed at length, including a discussion about how the County evaluated the various options available to address the County Fire reorganization. She states this document and the staff's report outline the three options that

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were considered and they are as follows: Option 1 includes three separate fire protection districts defined as valley, mountain and desert; Option 2 is the countywide Fire Protection District with service zones to address unique topographic and geographic areas; and Option 3 is the creation of a County Fire Department. Ms. McDonald points out that County Fire is known as the County Fire Department, however, this is a name of choice, and it is not a department of the County. She explains this option would create a County General Fund department with the dissolution of all County Fire agencies except for special tax zones and the transfer of those. Ms. McDonald states, the County's choice to move forward was Option 2, the San Bernardino County Fire Protection District, on the basis that it would secure and isolate the territories for service as a Special District; the liability, responsibility, obligations, and assets would be assigned to the Fire Protection District, operated as a separate entity governed by the County Board of Supervisors.

Ms. McDonald states LAFCO staff has provided the evaluation of the four factors of consideration and staff recommends that the Commission expand the sphere of influence of the Yucca Valley Fire Protection District to include the territory of other Board-governed fire protection entities, including fire protection districts, county service areas with the sole purpose of providing fire protection, multi-purpose districts governed by the County that provide fire protection services, and improvement zones that are defined to do so, and to exclude the territory of all existing cities and independent special districts providing fire protection services and that the territory of the City of Fontana and its sphere of influence be excluded.

She continues, LAFCO staff recommends that a zero sphere of influence be designated for the Lake Arrowhead Fire Protection District, the Forest Falls Fire Protection District and County Service Area 38, and that the sphere of influence for the Central Valley Fire Protection District be reduced to include only the City of Fontana and its sphere of influence.

(It is noted, Commissioner Hansberger arrives at 9:17 a.m.)

Ms. McDonald states, the factors, as indicated, include the present and planned land uses, the present and planned probable need for public facilities and services, the capacity and adequacy of public services and the existence of any social or economic communities. She notes one additional requirement is to review the services authorized to be provided by a special district, and that the existing definition of the Yucca Valley Fire Protection District's services limits it to structural, watershed, rescue, ambulance and paramedic. She continues, the County's request has been to identify the San Bernardino County Fire Protection District and have authorized under its fire function the provision of structural, watershed, prevention, inspection, suppression, weed abatement, hazardous materials services, rescue, first aid, paramedic, ambulance transportation, emergency response and disaster preparedness. Ms. McDonald states, expanding these services to clearly define what is available through Yucca Valley Fire Protection District will accommodate all the dissolutions and service transfers that are contemplated in its companion proposal, LAFCO 3000. She continues, staff has identified the prior action and the environmental determination as additional findings and the advertisement of the proposal, the proposal, its application, notice of hearing, and staff reports have been provided to over 350 organizations and individuals for review and comment. She states three comments were received on the environmental document and the map and legal descriptions, as identified by the County surveyor, should be addressed.

Ms. McDonald states that for all the reasons in the staff report and in keeping with the many discussions held, LAFCO staff recommends that the Commission receive and file the Municipal Service Review submitted by the County, that the Commission approve the expansion of the sphere of influence for the Yucca Valley Fire Protection District to include the territory identified,

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excluding the City of Fontana and its sphere of influence, and including the determination that has been provided by the County, that the sphere of influence expansion and annexation of this territory will not impinge upon the spheres of influence determined for other independent fire providers. Ms. McDonald continues, in unincorporated areas where independent fire agencies or cities provide fire service the sphere of influence is being overlain by this fire entity. She states further, the County has agreed that this action will not impinge upon future expansion of those entities and LAFCO staff recommends that be identified as a finding in the resolution. Ms. McDonald continues, LAFCO staff requests that the Commission approve the zero sphere of influence designations for County Service Area 38, Lake Arrowhead Fire Protection District and Forest Falls Fire Protection District; that the Commission defines the services for the Yucca Valley Fire Protection District to become known as the San Bernardino County Fire Protection District; that the Commission determines that upon the successful completion of LAFCO 3000, the Policy and Procedure Manual Exhibit A, which defines Special District services, CSA 38, Lake Arrowhead Fire and Forest Falls Fire, be removed; that the LAFCO resolution reflecting the Commission's determinations be continued to the next hearing in October to be considered on the consent calendar.

Ms. McDonald asks if there are any questions.

Commissioner Biane asks Ms. McDonald to elaborate on the discussions between LAFCO staff and County Fire regarding the long-term funding of the new district. Ms. McDonald states LAFCO staff and County Fire have discussed extensively the most important question in this entire discussion which is the allocation of revenues and sources of those revenues. Ms. McDonald explains the sphere of influence discussion talked about the inadequacies of existing funding mechanisms, and those have been defined in studies presented to the County by ESCI and the County's in-house discussion of the future for fire services, and in the case of the sphere of influence, the question of financing has been about the difficulties in acquiring funding.

Chairman Colven asks if anyone has asked to comment specifically on the sphere of influence. There is no one.

Ms. McDonald states the expansion of the sphere of influence creates an obligation to plan for service, and the Commission can expand the sphere of influence without taking the next step to address the issues, and obligate the entity to plan for those services. She says LAFCO staff has advocated for a mechanism to clarify service responsibilities for fire protection services in San Bernardino County for a number of years and the sphere determination is one step in that direction. She emphasizes, the actual discussion about money and revenues for determination for the Commission, should it approve moving forward with the reorganization and actual physical change, is the paramount consideration; it is what has driven a two-year review process with LAFCO staff; it is the bottom-line question on sustainability of service. She states the questions are: Will the entities losing access to property tax revenues, such as multi-purpose county service areas losing Fire and losing Fire funding be able to sustain their level of service, and where are the revenues generated for County Fire? Ms. McDonald states LAFCO staff spent over seven months trying to achieve an understanding of where revenues were generated for County Fire in San Bernardino County. She points out the two maps on the wall and indicates the areas of the County where revenues are generated and areas where no revenues are generated.

Ms. McDonald states in evaluating where revenues are actually generated, the greatest area of discussion was held around division of service zone revenues; service zone revenues are anticipated to fund suppression and to come from suppression entities and options to equalize

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those revenues will be discussed in the next item. Ms. McDonald comments, today's hearing is to open the discussion and give staff direction to return in October with final determinations.

Commissioner Biane moves approval of staff recommendation, seconded by Commissioner McCallon. Chairman Colven asks if there is discussion on the motion. Commissioner Hansberger states, as a policy, he is prepared to move forward with the consolidation; however, he would prefer to go through the entire presentation and discussion, find out what issues remain and outline those issues prior to making a decision on any part of it. If this decision is made now, it would be difficult to retreat from if, for some reason, the other issues cannot be resolved. Commissioner Hansberger continues, it is better practice to work from beginning to end and then go back and take action on each of the actions.

Ms. McDonald explains, in a typical scenario, the sphere of influence determinations would be done well in advance of consideration of the actual proposal, and a sphere of influence is a planning tool which changes no jurisdiction and gives an indication to move forward. Ms. McDonald states whether or not all of these territories are included in the Yucca Valley Fire Protection District remains to be seen in the next discussion relating to moving forward with the physical change. Ms. McDonald believes the choice of a single entity to serve fire protection through the Board of Supervisors is an appropriate one, and whether or not the Commission takes the step to physically change those boundaries is a point for discussion.

Commissioner Hansberger states a sphere of influence is also a statement that says what will be done eventually by the Commission, excluding others from the discussion. Commissioner Hansberger states the issue is that the fire agency must be consolidated, but it would be prudent, however, to review all aspects of the consolidation before taking action.

Commissioner McCallon suggests moving ahead to consider the next item before voting on this item. Commissioner Hansberger states it is his preference to leave the motion on the table at this time. Commissioner Biane states he believes the Board of Supervisors must take an action before the LAFCO Commission acts relative to funding.

Chairman Colven states the vote on this motion is deferred until after the discussion on the next item is presented.

CONSIDERATION OF LAFCO 3000 – REORGANIZATION TO INCLUDE ANNEXATIONS TO THE YUCCA VALLEY FIRE PROTECTION DISTRICT, RENAMING THE EXPANDED AGENCY THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, DISSOLUTION OF THE CENTRAL VALLEY FIRE PROTECTION DISTRICT, FOREST FALLS FIRE PROTECTION DISTRICT, LAKE ARROWHEAD FIRE PROTECTION DISTRICT, COUNTY SERVICE AREA 38 AND ITS VARIOUS IMPROVEMENT ZONES, COUNTY SERVICE AREA 70 IMPROVEMENT ZONES FP-1, FP-5 AND PM-1, REMOVAL OF FIRE PROTECTION, AMBULANCE, AND/OR DISASTER PREPAREDNESS POWERS FROM COUNTY SERVICE AREAS AND THEIR IMPROVEMENT ZONES AND TRANSFERRING THAT AUTHORITY TO THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, AND ESTABLISHMENT OF SERVICE ZONES WITHIN THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AS FOLLOWS: VALLEY SERVICE ZONE, MOUNTAIN SERVICE ZONE, NORTH DESERT SERVICE ZONE, SOUTH DESERT SERVICE ZONE, SERVICE ZONE FP-1 (RED MOUNTAIN), SERVICE ZONE FP-2 (WINDY ACRES), SERVICE ZONE FP-3 (EL MIRAGE), SERVICE ZONE FP-4 (WONDER VALLEY), SERVICE ZONE FP-5 (HELENDALE), SERVICE ZONE PM-1 (LAKE ARROWHEAD PARAMEDIC), SERVICE ZONE PM-2 (HIGHLAND

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**PARAMEDIC) AND SERVICE ZONE PM-3 (YUCAIPA PARAMEDIC) (KNOWN AS THE
"COUNTY FIRE REORGANIZATION").**

LAFCO conducts a public hearing for consideration of LAFCO 3000, as described above. Notice of this hearing was advertised as required by law through publication in The Sun, Desert Dispatch, Inland Valley Daily Bulletin, Hi-Desert Star, Big Bear Life & Grizzly, Fontana Herald News, Crestline Courier, Mountain News, Parker Pioneer, Needles Desert Star, and Alpenhorn News, newspapers of general circulation in the area. Individual mailed notice was provided to affected and interested agencies, County departments, and those individuals and agencies requesting mailed notice pursuant to State law and Commission policy.

Ms. McDonald states LAFCO 3000 is known as the County Fire Reorganization, and was submitted by the County Board of Supervisors to LAFCO staff in August 2005 and circulated for review and comment in December 2005. She continues, it includes the municipal service review and sphere of influence discussion and proposes the annexation of 18,361 square miles, which is in excess of 11 million acres; it discusses the expansion of the Yucca Valley Fire Protection District, the dissolution of fire protection districts, the dissolution of county service areas and improvement zones, etc. Ms. McDonald points out that this is the first time in LAFCO staff history that staff could not present the title on a page; it had to be an exhibit in order to clearly identify the proposal. She states, also presented today is LAFCO 3000A, the City of Fontana alternative, affecting the Central Valley Fire Protection District and the Yucca Valley Fire expansion, and demonstrates on the map the territory proposed for annexation with changes identified and evaluated by LAFCO staff from the County proposal, including the Fire Protection Districts proposed for dissolution, the county service areas, County Service Area 38 improvement zones, some of which are active and some of which have been on the books for a number of years with no property tax or service responsibility, and County Service Area 70 improvement zones for special taxes that have been assigned. Ms. McDonald also demonstrates the Central Valley Fire Protection District, the Forest Falls and Lake Arrowhead Fire Protection Districts, and County Service Area 38 that is proposed for dissolution and states this proposal anticipates the removal of fire powers, ambulance powers and disaster preparedness powers from county service areas spread throughout the County, including County Service Area 70, which includes the entirety of the unincorporated area of the County. Ms. McDonald continues to describe the service zones to be formed to identify specific areas for the delivery of services, and states there are four regional service zones for fire suppression activities and eight special tax zones to maintain existing special taxes voted in for development. Ms. McDonald demonstrates the four zones as follows: Valley Service Zone, anticipating the exclusion of the City of Fontana; the Mountain Service Zone, with independent fire providers currently within the area, including Crest Forest Fire, Running Springs Water District, Arrowbear Park Water District, and Big Bear Lake Fire Protection District (a subsidiary district of the City of Big Bear Lake), and the Big Bear City Community Services District; the North Desert Service Zone which excludes the Newberry Springs CSD, Daggett CSD, Yermo CSD, Victorville Fire Protection District, Apple Valley Fire Protection District, Hesperia Fire Protection District and Barstow Fire Protection District; and the South Desert Service Zone, which excludes the City of Needles, the Twentynine Palms Water District (which includes the City of Twentynine Palms), and the Morongo Valley Community Services District. Ms. McDonald demonstrates the formation of existing service zones as follows: FP-1 to be recreated for County Service Area 30 in Red Mountain which has a special tax; FP-2 along the Kern County line (called Windy Acres); FP-3 to be recreated CSA 38 Improvement Zone N for the El Mirage area, west of the City of Adelanto; FP-4 for the Wonder Valley community, east of the City of Twentynine Palms; FP-5 to be created for the Helendale area; PM-1, the Lake Arrowhead Paramedics Special Tax Zone; PM-2, the existing area of County Service Area 38 Improvement Zone L, the Highland Paramedics Special Tax area; and PM-3 to be recreated CSA 38

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Improvement Zone N, the Yucaipa Paramedic Zone, which includes service to the community of Oak Glen.

Ms. McDonald states the City of Fontana alternative proposes the detachment of ten separate areas from the existing Central Valley Fire Protection District, and following circulation of the County Fire Reorganization, LAFCO staff requested that the cities to be overlain consent to the expansion and the continued governance by the Board of Supervisors of this agency. She continues, the City of Fontana submitted a resolution objecting to the continued governance of this fire protection district by the County Board of Supervisors and submitted an alternative to detach the areas shown on the map and remove those to create the residual Central Valley Fire Protection District, to be known as the Fontana Fire Protection District. She states the City's alternative also talks about the establishment of this entity as a subsidiary district of the City of Fontana and that means the City Council will be the governing body of this fire protection district. Ms. McDonald continues, with the submission of the City of Fontana's opposition and alternative proposal, LAFCO staff, County Administrative staff, County Fire staff, and the City of Fontana set upon evaluating alternatives or options to that situation and one of those options was to continue processing the County Fire Reorganization as an independent fire provider, where there would be an elected or appointed Board of Directors. Ms. McDonald emphasizes the appointed Board of Directors could not be the Board of Supervisors, but could be made up of representatives from the Board of Supervisors and the two cities within the area. She states LAFCO staff evaluated the option to remove the Central Valley Fire Protection District from the consideration in its entirety and to leave it in its current format with the Board of Supervisors governing it, or to modify LAFCO 3000 to include the City's alternative, to detach areas and to retain Central Valley Fire under the auspices of the City as a subsidiary district, and continue the overall County Fire Reorganization proposal. She continues, after many months, meetings, discussions and paperwork, the proposal was agreed to modify LAFCO 3000 to include the Fontana alternative, and the proposal presented today, as modified, will include the detachments from Central Valley, exclude the dissolution of Central Valley from the consideration, and establish the residual Central Valley Fire Protection District as a subsidiary and after those considerations and options were evaluated and agreed to by all staff, the Commission must now evaluate this proposal like any other reorganization to include annexations and must make determinations on the boundary issues. She states the questions are as follows: Do the boundaries presented for this reorganization, as modified, represent a division which makes sense from a service delivery perspective? Are the boundaries definite, certain, and easily recognizable? Do the boundaries promote efficient and effective service delivery? Does this proposal and its approval affect the land use authority or the decisions upon land use options for any of the territory within it? Ms. McDonald emphasizes that financial considerations and service considerations are the crux of the issues for this proposal, and states the questions are, Will the approval of this modified reorganization impair the ability of any other agency to continue to provide its range and level of services? Can the successor district, the reorganized County Fire District, continue to provide the level of service which existed prior to the change? Does the reorganization represent the best available service option and does it provide for an efficient, effective and accountable form of government? Ms. McDonald states, the environmental determinations have been made through the action today on Item 9(a).

Ms. McDonald reviews boundary issues and demonstrates on the map the regional fire zones, service zones and overall annexation area and says LAFCO staff evaluated existing CSA 70 PM-1, identified as the Lake Arrowhead Paramedic Special Tax Zone, against existing fire protection districts in the area, including the Crest Forest Fire Protection District. Ms. McDonald continues, the expansion of the Yucca Valley Fire Protection District could not overlay the Crest Forest Fire Protection District. She continues the only options were to exclude that territory from

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the new Service Zone PM-1 under the Yucca Valley Fire Protection District, or to propose a reorganization that would detach these 2,797 parcels from the Crest Forest Fire Protection District. Ms. McDonald states LAFCO staff, Fire staff, and staff from Crest Forest evaluated and reviewed this option and Crest Forest's position is that it would not allow for the detachment of territory, so the proposal was to modify the service zone anticipated through this reorganization and that modification would transfer the 2,797 parcels and their existing special tax to the Crest Forest Fire Protection District for paramedic services. Ms. McDonald states a letter from Chief Michael Sherman of the Crest Forest Fire Protection District has been provided to the Commission, outlining what those revenues would be used for and how paramedic service would be provided. Ms. McDonald states this is LAFCO staff's recommendation for the Commission's review and approval.

Ms. McDonald continues, included in the discussion were Indian lands; four separate Indian tribes were affected by the annexations proposed through the San Bernardino County Fire Protection District Reorganization. Ms. McDonald demonstrates on the map the area of the San Manuel Indian Reservation which is included in the City of San Bernardino; however, the overlay of this fire protection district is currently a part of CSA38. She states the Colorado River Indian Tribes reservation (commonly known as the CRIT), includes an area in the southeastern area of the County, generally the Big River area; the Chemehuevi Indian Reservation include lands in the Fort Mojave area near the City of Needles. Ms. McDonald states, according to state law, in order for the Commission to consider the annexation of tribal sovereign lands, consent must be given by each individual tribe with no opposition from the Bureau of Indian Affairs and LAFCO staff has received, over a period of several months, a resolution from each of the individual Indian tribes consenting to the overlay of the fire protection district over their tribal lands, and copies of those resolutions and maps have been provided to the Commission.

Ms. McDonald discusses boundaries of Inland Counties Emergency Medical Agency (ICEMA) and states this is an agency concerned with ambulance service areas and a discussion of expansion of the services for Yucca Valley and transfer of ambulance services from other county fire protections is included in the staff report. She states ICEMA and American Medical Response (AMR) expressed concern regarding this process for expansion of ambulance service and ICEMA also expressed concern about the Commission's ability to transfer ambulance service rights to the Yucca Valley Fire Protection District. She states further LAFCO staff and legal counsel have reviewed those concerns and believe that the Commission has clear authority to define services to be provided by an entity; however, the ICEMA exclusive operating areas are unaffected by this change and are separate and apart from this process. Ms. McDonald continues, the 201 rights, which are defined by the Health and Safety Code for areas that had preexisting ambulance services, will be unaffected, and those will transfer to the County Fire Protection District following this change. She says included in the staff report is a discussion regarding a requested condition of approval, and, while staff does not believe that it is a necessary action to be taken, since those responsibilities would be unaffected by this, staff has recommended that the Commission, if it approves this proposal, include that language as requested by the County. Ms. McDonald clarifies, ambulance service areas bear no relationship whatsoever to the service boundaries that have been defined for agencies providing them; for example, ICEMA Exclusive Operating Area 16 is to be provided by County Service Area 56. The exclusive operating area for Lake Arrowhead does not include the same boundaries as PM-1. Ms. McDonald points out the exclusive operating area for Yucca Valley, Trona (CSA 82), Lucerne Valley (CSA 29) and states those are the areas that will be unaffected in LAFCO staff's and legal counsel's opinion; however, staff will recommend the inclusion of the condition as requested by the County.

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Ms. McDonald reviews the financial effects and states staff has provided a large amount of documentation on financial issues. She states the first issue relates to County Service Area 70, which currently exists to fund fire administration purposes and encompasses the entirety of the unincorporated county area. She says the County has requested and recommended that CSA 70 revenues transfer to a special account of the County General Fund to be reapportioned back to the San Bernardino County Fire Protection District. Ms. McDonald indicates the chart of the proposed CSA70 revenue distribution, which shows over \$4 million of the \$6 million plus generated within the San Bernardino County Fire Protection District. She states the balance of those revenues, about \$1.6 million, are generated within the unincorporated boundaries of independent fire providers, such as Crest Forest, Chino Valley, Apple Valley, Rancho Cucamonga, Arrowbear Park, Running Springs, and Big Bear City, and says all of those pay a share of about two percent toward CSA 70 and fire administration. She continues, LAFCO staff's concern is that these revenues, \$6 million, are proposed to be transferred to the County General Fund and redistributed annually; staff recommends, instead, that the CSA 70 revenues be transferred in their entirety to the San Bernardino County Fire Protection District as a share of the general ad valorem tax. Ms. McDonald states this is a simple process for the territories inside the San Bernardino County Fire Protection District and a required condition of approval would be that all CSA 70 revenues be reapportioned back to the existing fire protection district, with the umbrella agency, the overall fire protection district, to be the administrative arm. Ms. McDonald comments a problem exists in that a two-prong exchange for CSA 70 revenues within the independent fire providers not affected by the change before the Commission would transfer those CSA 70 revenues to the County General Fund, and, in turn, the County General Fund, in the tax rate areas within the reorganization, would transfer an equivalent share to the County Fire District. She says this concept falls under Revenue and Taxation Code Section 99.02 and is a reapportionment and reallocation of equivalent dollars, with no increase in revenues and no physical change other than the shifting within tax rate areas to accommodate this change. Ms. McDonald reviews the second issue, the existing County General Fund support provided to County Fire. She says the chart, which is page 19 of the staff report, identifies the revenues transferred from the County General Fund to County Fire and its various entities over the last few years. She continues, LAFCO staff has identified the revenues and their purpose for 2006-2007, 2007-2008 (which has been approved in the County budget to date), and the projection for County Fire for 2008-2009 and out to 2011. Ms. McDonald states an allocation of \$8,318,318 supports the Office of Emergency Services' planning and engineering workload issues for additional funding resources and explains this reflects transfers accumulated in various Board agenda items over time to help support County Fire. She says LAFCO staff's position is that without the retention of these revenues, the sustainability of the service levels contemplated and identified in this proposal will not be made. Ms. McDonald emphasizes there is no way to remove an \$8 million amount from these operations and continue and sustain the level of service and says County Fire has not asked for any change in the status of the development of revenues. She states LAFCO staff has proposed, however, that the County make this a permanent shift severing County Fire's continuing annual allocation for property tax revenues, as this is an exchange of property tax from the County General Fund to be spread to County Fire. Ms. McDonald states, the final piece in the funding is the multi-function agencies, for example, CSA 29, CSA 20, CSA 56, where property tax revenues are divided amongst many options and obligations and refers to page 21 of the staff report which identifies the current division of the existing multi-function entities for distribution of existing property tax dollars. She explains, the first two columns are the existing split between County Fire and other functions of the agencies, and the last two columns are the recommended change. Only two changes are proposed, first, for CSA 20 in Joshua Tree, the division is proposed to be 50/50 rather than Fire getting 46 percent of the property tax dollar, and in CSA 70, Zone W in Hinkley, there is a reduction in the County Fire receipt to increase revenues for Park and Recreation and other purposes in the Hinkley community. Ms. McDonald explains these recommended divisions were

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included in the County Fire budget for 2007-2008, and have been implemented through the budget process. She says staff's recommendation is that the Commission accept those recommended divisions.

Commissioner Hansberger asks if those are recommendations which have been worked out with County staff or Special Districts staff. Ms. McDonald states those are the recommendations of County Fire and Special Districts, and there is an attachment signed by Norm Kanold, Pat Dennen and Tom Sutton agreeing to that division. She says there was some question about the percentage for CSA 56 and explains these have been evaluated and have been included in the 2007-2008 budget and the recommendation is to accept those divisions.

Ms. McDonald reviews the distribution of revenues for CSA 38 and states the only Fire entity that transcends service zone boundaries is CSA 38. She explains LAFCO staff spent time determining the actual generation point for CSA 38 revenues, which was complicated by the fact that tax rate area maps for areas of this size were not available; therefore, the County's GIMS division and LAFCO staff worked together to develop the distribution of these tax rate areas, the definition of tax rate areas divided by these service zones, to develop the maps displayed here. Ms. McDonald explains the maps show the varying levels of revenue generation, as well as giving information used to request from the property tax division of the Auditor/Controller's Office the actual allocation of CSA 38 revenues back to the service zones. She continues, CSA 38 has been operated as a single entity encompassing vast territories, and shown on page 22 of the staff report are the valuations, total property tax and CSA 38 property tax generated within each of the four service zones. Ms. McDonald states another complication in the process is the vast amount of federal and state-owned lands within the areas and says the map depicts what those lands encompass; federal and state lands, unless there is a possessory interest for use, will not pay into the fire suppression revenue sources.

Ms. McDonald refers to the Mountain Service Zone and states the primary funding sources are the Lake Arrowhead Fire Protection District, CSA 53B, and the Forest Falls Fire Protection District. She states the report identifies issues related to the funding of this resource and LAFCO staff has modified what the County's revenue projections were on the basis of the property tax distribution for CSA 38. Ms. McDonald explains, these categories of revenues and appropriations include the current distribution of General Fund revenues to these various service zones. She says, annually, when the County apportions its General Fund support, it designates the location of the receiving entities; therefore, page 20 of the staff report was corrected and emailed to the Commission showing the total allocations to the umbrella agency, \$1.3 million, to the North Desert Service Zone, Valley Service Zone, Mountain Service Zone and South Desert Service Zone. Ms. McDonald continues, the North Desert Service Zone receives \$3.6 million of that General Fund support, the Valley Service Zone \$1.6 million, the Mountain Service Zone \$337,000, and the South Desert Service Zone \$1.3 million. She says revenues have been included in the distributions and staff has modified the distribution of the CSA 38 revenue and the property tax apportionment. The apportionment for the Mountain Service Zone was listed in the original documents as \$614,526; however, the actual distribution is \$311,078. She states staff has adjusted the CSA 38 share-of-fund balance, which was approximately \$6 million, to reflect the same percentage distributions. The percentages of the CSA 38 revenues that were identified in the materials show that the Mountain Service Zone generates four percent of CSA 38's entire revenue base, the North Desert Service Zone 47 percent, the South Desert Service Zone six percent, and the Valley Service Zone 43 percent.

Ms. McDonald shows where the North Desert Service Zone's actual generation of fire suppression revenues comes from and states the vast area is unfunded; there is no fire suppression revenue generated for the bulk of the territory proposed for inclusion in this fire

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protection district, and most of these areas are proposed for annexation and have not been in a County fire provider for fire suppression services, even though there is a fire station in the area.

Ms. McDonald points out the various stations and appropriations and revenues listed on page 27 of the staff report and says staff has modified the distribution of the CSA 38 revenues to reflect the actual generation of those revenues (a minor reduction of \$161,000). Ms. McDonald explains, the County listed in its original distribution \$4.7 million; however, it was \$4.5 million plus, and on page 27, the lowest number is the CSA 38 tax apportionment which the County listed at \$4.7 million. That has been adjusted to the actual CSA 38 allocation based on tax rate area apportionments which results in a reduction of \$161,000.

Ms. McDonald refers to the South Desert Service Zone and states the vast majority of this area pays no share of its property tax revenues into a fire suppression entity; however, it will be annexed into the San Bernardino County Fire Protection District. She says LAFCO staff has adjusted CSA 38 tax apportionment, the lowest number on page 30, and has identified it as \$523,441. The County had identified that revenue generation stream as \$925,000, which creates a loss of \$402,000, taking this below the total appropriation.

Ms. McDonald refers to the Valley Service Zone and states the item appears on page 33 of the staff report, and says the County allocation for CSA 38, the actual apportionment source of revenue, was listed at \$2.4 million; however, LAFCO staff's review showed that actual allocation, through this apportionment process, would be \$4,182,364, an increase of \$1.7 million.

CONSIDERATION OF LAFCO 3000A – REORGANIZATION TO INCLUDE DETACHMENTS FROM CENTRAL VALLEY FIRE PROTECTION DISTRICT, RENAME THE REDUCED DISTRICT THE FONTANA FIRE PROTECTION DISTRICT, AND ESTABLISH AS A SUBSIDIARY DISTRICT OF THE CITY OF FONTANA (KNOWN AS THE “CITY OF FONTANA ALTERNATIVE”).

LAFCO conducts a public hearing for consideration of LAFCO 3000a – Reorganization to include detachments from Central Valley Fire Protection District, rename the reduced district the Fontana Fire Protection District, and establish as a subsidiary district of the City of Fontana (known as the “City of Fontana Alternative”).

Notice of this hearing was advertised as required by law through publication in The Sun, Desert Dispatch, Inland Valley Daily Bulletin, Hi-Desert Star, Big Bear Life & Grizzly, Fontana Herald News, Crestline Courier, Mountain News, Parker Pioneer, Needles Desert Star, and Alpenhorn News, newspapers of general circulation in the area. Individual mailed notice was provided to affected and interested agencies, County departments, and those individuals and agencies requesting mailed notice pursuant to State law and Commission policy.

Ms. McDonald refers to the City of Fontana's proposal to maintain the Central Valley Fire Protection District and states the stations, revenues, reserves and fixed asset funds are listed. Ms. McDonald states, starting in the early 1980's, when the Chino Rural Fire Protection District became independent, the allocation method and decision by the LAFCO Commission at the time was for them to take the revenues which they generated and pursue this provision of fire services. She continues, when the Cities of Highland and Yucaipa proposed to remove themselves and form a new East Valley Fire Protection District, the Commission denied that request on the basis that it would be determined on the question of cost of service, not the actual generation of revenues for each of the territories being proposed to be removed from the

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County. She says following that denial, the Commission approved the detachment of both cities from County Service Area 38, taking the revenues with them that they generated to provided that level of service and the City of Fontana, in this proposal, has requested the same; they will be taking \$24 million in revenues which they generate within the boundaries of what will be the residual Central Valley Fire Protection District. Ms. McDonald states the real questions being asked of the Commission today relate to: 1) CSA 70 revenues; 2) the General Fund revenues; and 3) the apportionment process. She says LAFCO staff for some time has advocated a reorganization, to adjust County Fire's jurisdictional boundaries to reflect its service area and there are obligations within these territories and the standing army concept that fire service needs are responsive only to jurisdictional boundaries. She says LAFCO staff believes that a reorganized County Fire Protection District is appropriate, but the real question is how to reapportion the revenues to be reflective. In LAFCO staff's mind, the question is the reapportionment of the General Fund, CSA 70 and CSA 38 revenues and staff believes CSA 38's revenues should, in fact, be apportioned where they are generated. She states, in doing so, LAFCO staff believes the County General Fund support should be reallocated to the areas which require its service; that is, the north desert, the south desert and the mountains, in the same exact amount that is currently being apportioned. Ms. McDonald asks if the Commission believes that should be a permanent condition of approval, severing the County Fire Protection District from an annual allocation from the County General Fund, making it stand on its own for the future through property tax growth and other changes through development, or, does the Commission believe the commitment from the County to continue to provide that level of support in the future is adequate and maintain the status quo on the County General Fund obligation. She says, in LAFCO staff's view, it is an obligation that will remain unchanged and states service requirements for County Fire are going to increase; unless there is a change in the methodology to plan for capital facilities, there will continue to be a strain on the ad valorem property tax to fund those sources or grant funds will be required. She continues, LAFCO staff believes the real choices for the Commission are how to determine those levels of funding. LAFCO staff recommends, based upon the material provided, that LAFCO 3000, as modified to include the City of Fontana alternative, be approved. She states, LAFCO staff believes that these changes should take place and the unincorporated territory that is not currently served by a fire protection entity should be annexed and the Yucca Valley Fire Protection District should be renamed the San Bernardino County Fire Protection District, that the Commission detach the 10 areas from Central Valley, that the Commission rename the residual district Fontana Fire Protection District and make it a subsidiary district of the City of Fontana, that the Commission dissolve the Forest Falls Fire Protection District, the Lake Arrowhead Fire Protection District, CSA 38 and all of the improvement zones that have been developed underneath it, that the Commission dissolve special tax zones under CSA 70, that the Commission remove the fire, ambulance and disaster powers from the County Service Areas that provide them and transfer that responsibility to the San Bernardino County Fire Protection District, that the Commission forms four service zones to be reflective of the geography and service expectations for the Valley, Mountain, North and South Deserts; that the Commission forms eight improvement service zones for special tax entities in order to preserve revenues and identify the limitations on where they can be expended.

Ms. McDonald emphasizes, it is LAFCO staff's recommendation, as well, that the CSA 70 ad valorem property tax revenues be transferred to the San Bernardino County Fire Protection District in their entirety, through Revenue and Taxation Code Section 99.02 process to secure the funding stream for the provision of fire services, and it is LAFCO staff's recommendation that the County General Fund support in the amount of \$8.3 million be transferred to the San Bernardino County Fire Protection District and its regional service zones through a property tax exchange. Ms. McDonald states she believes the Commission should discuss and direct LAFCO staff to change the distribution methodology that has been identified to be reflective of

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the CSA 38 revenues that were identified. In LAFCO staff's view, the Valley Service Zone does not need an infusion of General Fund support, but the other three service zones must take into account the revenues that have been identified in the Valley area previously. LAFCO staff believes the Commission should: 1) apportion the CSA 38 fund balance to the regional service zones for fire suppression services; 2) apportion the CSA 38 ad valorem property taxes in one of two ways, either directly from the source of generation or by determining to adjust the base apportionment in CSA 38 to equalize the distribution of revenues, most importantly for the South Desert Service Zone; 3) direct LAFCO staff to prepare the appropriation limit determinations for the parent district and include that in a proposal to the Commission; and 4) direct LAFCO staff to deal with the transfer of all current employees and contracts of County Fire and all employees of CSA 70. Ms. McDonald continues, as discussed previously with the formation of CSDs, they are a pooled resource assigned out from CSA 70. LAFCO staff proposes and the County proposes that all of those CSA 70 employees be transferred to the parent umbrella district to be assigned out to the service zone and the fire stations that they serve. She says LAFCO staff also recommends that this matter be continued to the October hearing for further discussion.

Chairman Colven asks if there are questions of the Commission.

Commissioner Mitzelfelt asks if the General Fund subsidy from the County includes the seasonal subsidy provided by the County on an annual basis. Ms. McDonald states it does and states the General Fund subsidy identified in the staff report includes all items that have come during the year, and normally it fluctuates; however, for the last two years it has been a standard amount. She explains LAFCO staff used the 2006-2007 budget as a base from which to review all revenue sources and what is identified in 2007-2008. Commissioner Mitzelfelt states he does not see a line for the seasonal subsidy provided annually for the high fire hazard areas. Ms. McDonald states she understood all of the General Fund support was included, and referred to Norm Kanold of the County Administrative Office for clarification.

Norm Kanold states seasonal staffing is annually acted upon by the Board of Supervisors and is not included in the \$8.3 million or \$7.4 million. He explains, County staff comes to the Board based upon need each year and about \$500,000 is requested for Board action. It is not an ongoing allocation.

Commissioner Hansberger asks if the staffing referred to in the staff report is full-time staffing and does not include seasonal staff. Mr. Kanold confirms that is correct.

Commissioner Biane states, with reference to the Fontana alternative, the recommendation includes a sentence that refers to continuing to work with the City and its governing board. Ms. McDonald responds that the recommendation is to accept that modification, and states the three options were evaluated following the City of Fontana's submission. She says the option that was chosen to move forward for evaluation was to accept the City of Fontana's alternative to remove Central Valley, the area of the city and its sphere of influence from consideration, remove the issue of dissolution of Central Valley, propose the detachment of those areas not a part of the City of Fontana sphere of influence and transfer those to the Fire Protection District.

Commissioner Biane states there are still unincorporated areas, and he and Supervisor Gonzales should have input as far as fire service for those unincorporated residences. Ms. McDonald responds that if there is a concern, the Commission can direct a different alternative, and states the alternative to take the City of Fontana and its sphere of influence was reviewed over a long period of time. Ms. McDonald continues, as a subsidiary district, it is still a district, and service levels and development and obligations would not change through the unincorporated area, and if it is a question of fire protection services for the unincorporated

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area, the County would still have input, but would not have direct control over fire authority in the unincorporated area through a subsidiary district. LAFCO staff's recommendation is to approve that modification. She says if the Commission chooses not to do that, there would be a modification to the proposal further.

Commissioner Hansberger states he does not understand how the County would have input. He asks for clarification and states if a new fire protection district is created for Fontana that includes its sphere of influence and it is governed by the City of Fontana, how then do the elected officials who represent the unincorporated area that's been included in that district, have any input? He says he cannot think of any legal authority that would give them power to modify that. Ms. McDonald states the County would not have direct governance; that is correct. Commissioner Hansberger states the County would then have no more input than any other citizen. He states that the concern is, a public official has a constituency who wishes to go to an elected official who is responsive to them because they have chosen that person, however that person has no authority to modify or direct the services, and they are in the hands of other elected officials to whom this citizen has no direct connection, because they are elected by others, and asks if that is correct. Ms. McDonald states that is correct; it is no different from any other subsidiary district; it is the same question LAFCO always has with the issue of subsidiary districts, where the territory is not encompassed by the entirety of a city. Commissioner Hansberger states this is truly a case of taxation without representation.

Commissioner Pearson states the issue of the area that Fontana is concerned about, Proposal 3000A, is a driving force in that if it is not accepted, the whole process will have to be readdressed in different ways because of their status as an entity that must cast their vote in favor. Commissioner Pearson asks who is the ultimate authority over this consolidated County Fire District. Ms. McDonald states the Board of Directors for this district will be appointed and the Board of Supervisors tends to appoint itself as that Board of Directors. Commissioner Hansberger states the Board of Supervisors would have no authority, however, over the Fontana component, and that would be detached from County Fire. Ms. McDonald confirms that is correct.

Ms. McDonald states the options that were reviewed and discussed did include the option to remove Central Valley Fire Protection District entirely from this process and leave it as currently structured. She says that would not change the proposal presented today; the balance would move forward, but the Central Valley component would not be affected and changed. She continues, that does not mean the City of Fontana could not request that the Commission consider the detachment of those areas from Central Valley.

Commissioner Biane states, in reference to making in perpetuity a request from a city's or a district's general fund to support an annexation or reorganization, the commitment from the Board of Supervisors should have been voted upon with a recommendation from them to LAFCO before coming before this Commission. Commissioner Biane emphasizes County General Fund dollars should not be committed without the prior support of the Board of Supervisors. Ms. McDonald states when the Chino Valley Independent Fire Protection District was formed, there was a requirement that the City of Chino transfer portions of its property tax to Chino Rural, as a function of the property tax transfer. This was done through a city obligation. Ms. McDonald continues, relating to the General Fund support, LAFCO staff has consistently identified this as a concern. She says if it has not been adequately discussed by the Board of Supervisors' staffs, LAFCO staff would be happy to present the information and answer any questions by the members of the Board of Supervisors. She explains, continuance of this matter for further discussion to the October hearing would allow for that, and states the discussion regarding the sustainability of the County Fire Protection District in the future

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requires a significant level of General Fund infusion for the ongoing maintenance of existing levels of service. She says that is LAFCO staff's evaluation of this proposal, and if, in fact, the Commission believes the General Fund support, on the basis of an annual allocation to be determined by the County Fire Protection District in a budgetary process as is currently constructed, is the preference of the Commission, LAFCO staff's recommendation can be denied and an alternative proposed. LAFCO staff believes the necessity for the revenues will not diminish, and, as has been shown in the information presented to the Commission, has been increasing over the last six years to a level of \$8.3 million. She says where that is allocated and placed is a discussion for the Commission, and, as was identified in the environmental document, there is no requirement as a mitigation measure that this be done, that the commitment of the County to continue its General Fund support of the San Bernardino County Fire Protection District is an agreeable determination; however, it should be discussed that it is an ongoing obligation and LAFCO staff believes that it will be maintained for the future.

Commissioner Biane asks if the recommendation is to continue discussion to the October hearing. Ms. McDonald states that is the staff recommendation, and the action that was requested was the intent to approve the reorganization but to discuss the terms of the reorganization at the October hearing.

Commissioner McCallon states he understands Commissioner Biane's concern regarding the Fontana sphere of influence being included in the Fontana Fire Protection District as they would be governed by a separate City Council. He asks if there is an option not to include the sphere of influence in the Fontana Fire District and include only the City of Fontana as part of that district. Mr. McCallon comments further, when the City of Highland detached from the County of San Bernardino, it was not set up as a special district, but funding was placed in a separate account of the City's General Fund and it is kept separate from the standpoint of revenues allocated to fire or paramedics; however, that is a decision of the current City Council. He says there has been pressure from past council members to place those dollars in the General Fund and use them for other things. Commissioner McCallon believes the Board of Supervisors needs to have an opportunity to decide how they want to provide self-sustaining funding for this new district, followed by presenting their proposal to the LAFCO Commission.

Ms. McDonald explains the intent of today's recommendation is for the Commission to decide if it supports the reorganization in its basic elements to create a single San Bernardino County Fire Protection District and to remove all of the jurisdictional issues from the delivery of that service. She explains, the next question is what the direction is to LAFCO staff from the Commission to return to address the issues of financing tools and states LAFCO staff's recommendation is to continue this with direction for additional information.

Commissioner Hansberger asks about the possibility of carving out the sphere area in such a fashion that it would be a contract back from the County to Fontana for that service, that is, the Board of Supervisors would still then govern the ultimate service but not provide it directly; or, he asks, if it is their intention to create their own separate fire agency with the funds which are carved out; and if they intend to create a Fontana Fire Department and govern it separately. Ms. McDonald states they do not, and the materials that have been presented identify that the City of Fontana, through the Fontana Fire Protection District, will contract with County Fire to provide a level of service that they have determined for the entirety of that Fontana Fire Protection District. Commissioner Hansberger asks if they are bound by that or is that simply the plan. Ms. McDonald states that is what the City of Fontana has identified in their plan and there is a draft contract for options for levels of service and cost to provide those services in the materials that have been presented. She states the intent of the City of Fontana has been that they do not intend to create their own separate fire department, that the Fontana Fire Protection District

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would exist through a contract with County Fire, and their issue is to secure the funding that has been derived within the City of Fontana and those areas intended to become a part of the City of Fontana to secure those for fire service within that area. Commissioner Hansberger asks if the City of Fontana has the authority to make their own decision – could they contract for now and make a change later if they chose. Ms. McDonald states there are provisions within the Cortese-Knox-Hertzberg Act and the Fire Protection District law that require a minimum 10-year period for fire protection purposes, and states further that if a city contracts with an entity to provide those services, it is obligated to a 10-year period and there is a 10-year rollout for termination.

Commissioner Hansberger asks if Fontana chose not to contract, what would the financial implications to the district be, as they would be taking money with them when they left; although they would be taking money with them now, they would contract back for services, which means that a portion of the shared expenses is covered by that contract. If they were to not contract and perform the service only as an entity, what would be the implications to the remaining district? Ms. McDonald states the implication would be regarding personnel, because the County Fire Protection District would have personnel to support the contract; without the contract, the need for those services would be eliminated. Ms. McDonald explains, if there were some other choice made for delivery of service, those same people would be first in line for transfer; however, the administration, as identified in the materials, the Central Valley Fire Protection District portion within the City of Fontana, does not pay into administration currently through CSA 70 because it is part of the City. Ms. McDonald states, there are other issues, including increase in service that would require additional positions at a cost of about \$600,000. Commissioner Hansberger states he would like to explore the issue of what would happen if this large share of cost was taken away because there would be a shared overhead, and what would the remnant district look like in terms of its budget. Ms. McDonald states LAFCO staff can provide that answer.

Commissioner Hansberger asks how LAFCO staff proposes to resolve the Lake Arrowhead-Crest Forest overlap and states it is an unusual situation because one provides fire service and the other provides paramedic service in an overlapping area. Ms. McDonald states it is even more complicated because PM-1 only provides funding for paramedics who are placed on the ambulance and the ambulance serves the ambulance area which serves in Crest Forest. Ms. McDonald explains there is no easy answer to the delivery of those services in that area; however, Crest Forest has passed a special tax in order to fund paramedic service within the boundaries of its agency and charges each of its parcels \$35 and PM-1 currently charges \$17.30, which was an increase from its original allocation. Ms. McDonald continues, the issue regarding the payment for the operation of the ambulance will be unchanged. The question of paramedic funding being used for paramedics, in LAFCO staff's opinion, has been resolved, because Crest Forest does, in fact, provide paramedics and a letter from Chief Sherman identifies how the funding is used to support the residents. The Lake Arrowhead ambulance will still come into Crest Forest and other areas and Crest Forest will provide ambulance in other areas. Commissioner Hansberger asks if a resident of Twin Peaks or Rimforest calls for emergency medical response, who responds? Ms. McDonald states Crest Forest responds. Commissioner Hansberger asks who transports. Ms. McDonald states they would call for an ambulance and the exclusive operating area in that area, depending on where the resident is, would be in Lake Arrowhead. Ms. McDonald states that boundary is not the responsibility of LAFCO. Commissioner Hansberger states it is an awkward situation and if it can be fixed, it should be fixed now. Ms. McDonald states, historically, when PM-1 was created, the mountain communities did not have paramedics, and the decision was made to place the paramedics on the Lake Arrowhead ambulance and it has evolved from there.

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Commissioner Hansberger asks if there is a document that delineates the various resources and breaks out where that money ends up as it affects each of the agencies. He states CSA 70, CSA 38, as well as multiple fire districts make up County Fire, some of which have other services. He says CSA 20, for example, is responsible for fire, parks and other related issues. He comments LAFCO staff recommends a 50/50 split rather than a 46/54 split and states his difficulty is that the County is already turning off street lights in that area in order to pay the bills. If more is added to Fire and those dollars are taken away from the other areas, he believes either park services or street lights would have to go in order to do that. Ms. McDonald asks if Commissioner Hansberger is requesting information on allocation of revenues from existing sources to their proposed source. Commissioner Hansberger clarifies he wants to understand the impact to each of the multi-agencies that exist within the area because multi-function agencies are probably more difficult to resolve because they do so many different things. Ms. McDonald states with reference to the question of sustaining the services of the multi-function districts following this reorganization, historically there has been a division of fire protection revenue, and there was great discussion about the sustainability. She says statements have been made by the County Special Districts Department and the County Administrative Office that those are sustainable based upon this division, and it is what the County budgets for 2007-2008 have identified and allocated. Ms. McDonald emphasizes the question of transfer of funding is ultimately the decision of the Commission through this reorganization.

Commissioner Hansberger states he does not see addressed in the staff report is what sort of tax rate would be needed if a tax rate election was held obliterating the current tax rates and imposing a new tax rate. Assuming the revenue for North Desert, for example, is in the range of \$10 million, in order to sustain its current level of service it might require \$8 million or \$12 million because it is either receiving or giving. He says the question of the citizens would be if they would be in favor of a funding mechanism which supports a consolidated fire agency and provides base level service.

Ms. McDonald asks if this is what Commissioner Hansberger suggests: giving up the existing shares of the general ad valorem tax with those going somewhere else because there is no refund to anyone. She says that is the general levy and it is apportioned out to the existing entities and the discussion has looked at the future need for augmented funding for additional services in these service zones. LAFCO staff believes the service zones give the County the ability to tailor future elections for the North Desert or the South Desert, in their entirety as a supplemental tax for service. She continues, that has not been identified and LAFCO staff believes the divisions to the regional service zones give the County the ability to put forward such elections, but not to give up the existing shares of revenues from the general tax levy.

Commissioner Hansberger states, to simplify it so the general public can understand, the citizen would pay a given amount today, perhaps in the form of a new tax that shows as a single line for fire service. He believes this would be a service to the public to show the tax paid for fire protection. He states further, that means a mechanism would have to be developed to show that whatever is paid today is part of it and if there is more to be paid that is what is voted upon, asking, for example, if the citizen wishes to take the \$10 million now received and add \$2 million to it. Ms. McDonald states that question could be drawn for the General Fund support for these entities. She says a tax apportioned to the service zones and the request for an election on that amount and any other amount necessary to bring it up to a certain standard is possible and the need for that was not considered. Commissioner Hansberger states that would be useful information for the general public. Ms. McDonald states she believes the information presented here and the division for these areas into the regional service zones will give the County the ability to define the revenues generated within these areas clearly. She says the work of LAFCO staff and the GIMS office will allow anyone to look at where that revenue is generated.

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Chairman Colven opens the public hearing.

Jeff McPherson, City of Fontana, speaks on behalf of Dawn Mittleman and Martin Govghnour, and thanks LAFCO staff and Ms. McDonald for her guidance in putting together the City's proposal. He says the City's alternative proposal is a reflection of the City's desire for local governance and points out that 88% of the registered voters in the District are residents of the City of Fontana. He continues, the City enjoys a solid relationship with County Fire, so there is no dissatisfaction and reiterates it is only related to the City's desire to govern at the local level. He says the City of Fontana intends to contract with the County for fire service and is currently discussing the cost element.

Norm Kanold, County Administrative Office, thanks LAFCO staff and Commissioners for the work on the proposal over the last two years. Mr. Kanold states the processes and analyses used by LAFCO staff have been most comprehensive, and he especially appreciates the four public hearings that were held throughout the County. Mr. Kanold continues the County supports the conclusions detailed in the staff report with one major exception, to Item 9(c)(2), calling for a permanent tax shift from the County General Fund to the new District in the amount of \$8.3 million, in order to stabilize the County's current General Fund contribution to the District. He states this recommendation is made to insure that current service levels are maintained to a point in the future that has not been clearly defined and emphasizes this tax shift was not approved by the County Board of Supervisors when it made its application as the governing body of the District, nor is it supported by the County Administrative Office or the County Fire Department. Mr. Kanold states this would be tantamount to taking away the County's discretionary authority to support the District and instead, permanently earmarks the \$8.3 million at the expense of the County General Fund. Mr. Kanold continues, the Board of Supervisors places a very high priority on funding public safety in the County and there is no plan to reduce the amount allocated and the amount has been included in the County budget permanently, and, in fact, it would take a proactive action by the Board to remove it. He continues, it is the right of the Board of Supervisors in its capacity as the governing body of the County to annually review the County Fire budget, as it does with every County department, and decide the financial needs of the department. Mr. Kanold summarizes, the County Administrative Office is supportive of the recommendations made in the staff report, with the exception above stated, and would respectfully urge the Commission to act upon it today by rejecting that recommendation and approving the County Fire Reorganization.

Commissioner McCallon comments that Mr. Kanold has referred to the District as a "department" of the County. Mr. Kanold explains that is the way it is generally referred to; however, the actual name is the San Bernardino County Fire Protection District.

Pat Dennen, Fire Chief, states this action started back in 2002. He thanks Norm Kanold and Wayne Thies, Dan Wurl, Paul Summers, Carol Montag, Ken Hunt and Jeff McPherson. Chief Dennen states, to echo Mr. Kanold's comments on the permanence of the \$8.3 million, it remains contentious, and County Fire is not in a position to make a recommendation that is governed by the County Board of Supervisors. County Fire would like clarification of the term "sustainability" and, in looking at Muscoy and Bloomington, their sustainability is not very long into the future; however, once they become part of the new Valley Service Zone, their sustainability grows because they share the resources of the entire geographical region. Chief Dennen suggests that, since all the financial information in the report and in the information County Fire provided is based upon assumptions, the assumption be that the funding continues, but that the determination of how that funding continues be left to the County Board of Supervisors. He says, if that assumption is tied to sustainability, and that sustainability is one

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year or five years or 10 years, he believes it is up to the Board of Supervisors to decide. The feedback Chief Dennen has received is that there is no immediate intention to reduce that \$8.3 million and there is absolutely no intention to reduce the level of public safety. Chief Dennen continues, County Fire has always received approval for that money on an annual basis. Chief Dennen states the next step is the financial solvency component. Commissioner Pearson asks Chief Dennen to reiterate what he sees as the principal benefit of this effort. Chief Dennen states he currently prepares 27 fire district budgets and five special tax district budgets every year. He says a simple analogy of the current process is as follows: If a firefighter assigned to Lake Arrowhead works overtime in the valley, a fund transfer must be prepared back to the Lake Arrowhead Fire District. This nonstop overtime shuffle involves over 400 employees countywide; therefore it is an accounting nightmare. Chief Dennen explains further, all 32 districts are managed separately and this reorganization will improve the overall efficiency of the organization. He says the operation of the department will not change; this will be merely administrative. Chairman Colven asks if Chief Dennen agrees that the plan is a good one, except for minor adjustments. Chief Dennen agrees and states it is the right way to go and the state legislature encourages consolidation.

Commissioner Biane states the Board of Supervisors will hold a workshop before the October hearing and asks that the matter be continued with the understanding that following the Board of Supervisors' workshop there may be some changes. Commissioner Biane states, with reference to the City of Fontana, he will ask that the Fire District board be expanded from five to seven people, including two members of the Board of Supervisors, providing governance for the unincorporated residents of that district.

Commissioner Biane moves continuance of staff recommendation, seconded by Commissioner McCallon. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Biane, Colven, Hansberger, McCallon, Pearson, Williams. Noes: None. Abstain: None. Absent: Cox, Nuaimi (Commissioner Williams voting in his stead).

Ms. McDonald asks, given the short turnaround for the October 17 hearing, if the Commission would prefer to postpone the hearing to October 24. It was agreed by consent to postpone the October hearing to October 24.

CONSIDERATION OF REQUEST TO COUNTY AUDITOR/CONTROLLER-RECORDER TO COLLECT OUTSTANDING CITY OR DISTRICT APPORTIONMENT AMOUNTS FROM FIRST PROCEEDS OF PROPERTY TAX REVENUES

LAFCO conducts a public hearing for consideration of request to county auditor/controller-recorder to collect outstanding city or district apportionment amounts from first proceeds of property tax revenues.

Notice of this hearing was advertised as required by law through publication in The Sun, a newspaper of general circulation in the area. Individual mailed notice was provided to affected and interested agencies, County departments, and those individuals and agencies requesting mailed notice pursuant to State law and Commission policy.

Michael Tuerpe, LAFCO Analyst, presents the staff report, a complete copy of which is on file in the LAFCO office and is made part of the record by its reference herein. Mr. Tuerpe states it is staff's recommendation that the County Auditor/Controller-Recorder collect outstanding city or district apportionment amounts from first proceeds of property tax revenues. He explains, page two of the staff report lists those cities and districts with outstanding amounts and, since the writing of the report, the City of Barstow and Mariana Ranchos County Water District have paid

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their apportionments. Mr. Tuerpe states staff recommends as follows: 1) Request the County Auditor/Controller-Recorder to collect outstanding city or district apportionment amounts due to LAFCO; 2) Determine that the method for collection of the outstanding apportionments, pursuant to Government Code Section 56381, is collection of an equivalent amount from the property tax, fee or eligible revenue owed to those agencies and to include the reimbursement of expenses incurred by the Commission and the Auditor in collection of the outstanding payments within the payments; and 3) Direct the Executive Officer to submit the collection request to the Auditor.

Commissioner Williams moves approval of staff recommendation, seconded by Commissioner Biane. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Biane, Colven, Hansberger, McCallon, Pearson, Williams. Noes: None. Abstain: None. Absent: Cox, Nuaimi (Commissioner Williams voting in his stead).

PENDING LEGISLATION

Executive Officer Kathleen Rollings-McDonald presents the staff report on pending legislation, a copy of which is on file in the LAFCO Office and is made a part of the record by reference herein.

Ms. McDonald states the Commission received a copy of the CALAFCo summary of legislation which identifies legislation adopted as of September 12, 2007, and, with reference to AB745 regarding required expenditures for political activities, a policy discussion will be held at the November hearing regarding its implementation.

She says the Commissioners were provided a copy of a letter of opposition to Senator Steinberg regarding the growth scenarios and SB375. Ms. McDonald states that is now a two-year bill and CALAFCo is working with the author to move it forward.

She continues, the Commissioners were also provided with a copy of information provided at the CALAFCo Conference on legislation by the Senate Local Government Committee and the Assembly Local Government Committee and states the Senate Local Government Committee has taken up the issue of rewriting County Service Area law and the consultant, Peter Detweiler, has requested that Ms. McDonald participate as a working advisor on that committee. She states Norm Kanold has also been asked to participate as a member of that committee. Ms. McDonald has indicated to Mr. Detweiler and Senator Gloria Negrete-McCloud that she will participate in that one-year effort to look at the rewrite of County Service Area law.

EXECUTIVE OFFICER'S ORAL REPORT

Ms. McDonald states the October hearing will include the impartial analysis for LAFCO 3070, the formation of Phelan Piñon Hills CSD, a City of Fontana annexation and the continuation of the Fire Reorganization.

Ms. McDonald states the November hearing is scheduled for November 28.

COMMENTS FROM THE COMMISSION

Commissioner Hansberger asks that the Commission adjourn today's meeting in memory of Peggy McDonald, Kathleen McDonald's mother-in-law, who passed away this week.

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COMMENTS FROM THE PUBLIC

Chairman Colven calls for comments from the public. There are none.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE
HEARING IS ADJOURNED AT 11:24 A.M. IN MEMORY OF PEGGY McDONALD.**

ATTEST:

ANNA M. RAEF
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

ROBERT W. COLVEN, Chairman